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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

CIA/OER/S-06528-74

07 October 1974

MEMORANDUM FOR: Mr. Alex Lang
International Finance Division
Federal Reserve System - Board
of Governors

SUBJECT : The Effect of Oil Costs on OECD
Trade Balances in 1974

1. The table attached to this memorandum responds to your 04 October request for the cost of oil to the major OECD countries. The figures for the second half of 1974 include the estimated effects of the price rise agreed to at the September OPEC meeting.

2. The aggregate cost of oil to the OECD shown in the table overstates the accrued cost of oil from OPEC for two reasons. Because imports are shown on an f.o.b. basis, the figures include oil company profits [redacted] which are returned to the OECD countries as investment income. In addition, the total import costs include value added for some products refined in one OECD country and shipped to another. Accordingly, the actual cost of oil from OPEC will be from \$5 to \$7 billion less in 1974 than the \$92 billion shown on the attached table.

3. The oil figures represent accruals and do not take account of lags in payments from oil concessionaires to OPEC countries.

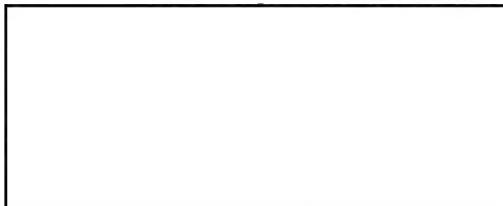


Attachment:
As stated

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Distribution: (S-6528)
Orig & 1 - Addressee



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(07 October 1974)

FOR OFFICIAL USE ONLY**PROJECTED OIL AND NON-OIL TRADE BALANCES
OF OECD MEMBERS**(in millions of \$ at semi-annual rate)
(f.o.b. - f.o.b.)

	1974 ¹ I	1974 ² II
United States		
Balance ³	-1598	-2300
Oil	-10767	-12489
Non-Oil Balance	9169	10189
Japan		
Balance	-1599	539
Oil	-9147	-10322
Non-Oil Balance	7548	10861
Canada		
Balance	863	773
Oil	420	500
Non-Oil Balance	443	273
West Germany		
Balance	12278	12100
Oil	-4865	-5655
Non-Oil Balance	17143	17755
France		
Balance	-1780	-2400
Oil	-3900	-4582
Non-Oil Balance	2120	2182
United Kingdom		
Balance	-6226	-6170
Oil	-3609	-4753
Non-Oil Balance	-2617	-1417
Italy		
Balance	-3965	-3020
Oil	-2982	-3542
Non-Oil Balance	-983	522

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	1974 ¹ I	1974 ² II
Other OECD		
Balance	-11600	-14465
Oil	-7540	-8677
Non-Oil Balance	-4060	-5788
Total OECD		
Balance	-13627	-14943
Oil	-42390	-49520
Non-Oil Balance	28763	34577

¹Preliminary data.

²Estimated.

³OECD estimates.

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